

**House Government Reform Subcommittee
on Federalism and the Census Field Hearing
Monday, July 25, 2005 – 10:00 a.m.**

**Testimony of Rev. Dr. Calvin O. Butts, III
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Good Morning. I commend the House Government Reform Subcommittee on Federalism and the Congress on conducting this hearing. I greet and welcome to Harlem, and the Thurgood Marshall Academy, Honorables Turner, Shays and Maloney.

I am pleased to have an opportunity to testify on such an important matter. The successful and sustainable revitalization of our urban centers has been and is a driving principle of my personal efforts for well over [30] years. In addition, I now lead a nearly 200 year old institution — The Abyssinian Baptist Church — that has been at the forefront of social justice issues since its inception. Abyssinian has also been a leader in the development of Harlem, from its birth as the African American business, social and cultural capital of the world over 80 years ago, through its redevelopment and revitalization today.

You have and will hear a lot of statistics about the importance of the Community Development Block Grant Program. My task today is to breathe life into those numbers, to give you a sense of the flesh and blood impact, the impact the Community Development Block Grant Program has had on the heart and soul of one of the most important communities in the United States of America today, the community of Harlem.

I believe Harlem is a fitting community to examine in evaluating the past success and the future of such an important national program. The story of Harlem's decline and its revitalization, a community world renowned for its rich cultural legacy, has been constantly elevated as the story that most exemplifies the story of our nation's urban centers, for its triumphs and its tragedies.

Federal policy has always played a critical role in the development, as well as the destruction of our communities. Adam Clayton Powell, Jr., one of the great leaders of The Abyssinian Baptist Church, one of the great leaders of the Harlem Community, and one of the great leaders of our nation, understood the impact of federal legislation on our communities, and as such, sponsored and co-sponsored more 50 measures of responsible federal legislation.

We here in Harlem have also felt the impact of federal policy designed - sometimes intentionally, sometimes not - to dismantle, disempower and destroy our communities. We well remember the Housing Act of 1934, which established the Federal Housing Authority with the intention to improve housing conditions and standards, which, in actuality, promoted segregation and through the Federal Homeowners Loan Corporation, defined black, integrated and racially changing neighborhoods as not credit worthy [actually drew maps coloring these neighborhoods red.] This federal policy "red-lined" our communities early on and choked out economic development and homeownership and other wealth building opportunities for its inhabitants.

Another appalling example is the Housing Act of 1949 which was founded on “slum clearance”, and the Interstate Highway Act of 1956, which allowed local municipalities to use *eminent domain* to pave through communities of color.

I mention these federal policies today to underscore the critical importance of your deliberation about the future of the Community Development Block Grant Program. Much of Adam Clayton Powell’s sponsored legislation was directed to correct those destructive “policies of disinvestment.” Those policies led directly to the blight and decay in Harlem that was present when I came to Harlem in 1972.

After nearly five decades from 1910 to 1950 of in-migration and an extraordinary growth of the African-American population, Central Harlem’s population peaked at 226,000 persons in 1950. Beginning in 1960 to 1990 the trend of the previous five decades was reversed to population decline and Central Harlem lost approximately 54% of its population during this same period. With the abandonment of residential and commercial properties and red-lining by financial institutions, between 1970 and 1980 Central Harlem had its largest single population loss of 34% within one decade. By 1990, the area’s population had declined to its lowest count of 98,747. The first increase in population since 1950 did not occur again until the recent census of 2000 reporting a population of 107,178, a modest gain of 8,431 residents over the previous 1990 census count.

When I came to Harlem in 1972, two years before the Community Development Block Grant Program was initiated, it became apparent the Federal

Government had to step in and try to deter the widespread abandonment. It is difficult to describe the socio-economic climate of Harlem at the inception of the Community Development Block Grant in 1974. Plainly, a federal aid package with its housing initiatives and commitment to creating viable communities could not have come at a better time. Harlem was badly damaged during the civil unrest of the 1960s, a situation that was exacerbated with the city's financial crisis in the 1970s. There was blight and devastation perpetuated by decades of disinvestments marked by an exodus of residents suffering unbearable economic and societal factors, a pandemic of poverty, which included soaring crime and increased substance abuse. Not only were the residents who remained in despair, isolated and discouraged, but a neighborhood that was once renowned for its residential housing was ravaged by decades of arson and abandonment, thereby creating a housing stock that was deplorable and without dignity, and a homeless population that was escalating daily.

Over 60% of the housing stock in Central Harlem was owned by the City of New York. Owners of buildings simply walked away, and did not pay property taxes, water and sewer taxes, no maintenance (systems etc.) utilities, no electricity in common areas, no heat and hot water, living conditions that were dangerous to life, health and safety. Community residents were suffering.

However, the City of New York was able to use CDBG funds to maintain those buildings, although no municipality ever has the intention of becoming the principal landlord because of the loss of income through tax roles, the City could have condemned the buildings and displaced hundreds of thousands of people.

Yet, the City of New York took a bold move and decided not displace people. With CDBG funding, the City of New York maintained these buildings and the character and fabric of this community, which directly impacted future successful sustainable development, and laid the foundation for the comprehensive community development initiatives that are implemented today.

Preserving housing is a beachhead against neighborhood decline, and when you are fighting a war against neighborhood decline you need beachheads, a position or foothold on an enemy shoreline captured by troops in advance to further an invading force.

Comprehensive community development was that invading force and without CDBG funding to preserve those buildings for future development, Harlem would be a footnote in history books. In fact, a symbol of Harlem's rebirth, one that could not have been possible without the preface of CDBG funding, is the construction of The Thurgood Marshall Academy for Learning and Social Change (TMA) in 2004. This very building in which we hold this hearing today. TMA is a 90,000 sq. ft., state-of-the-art facility, and is the first new high school to be built in Harlem in more than half a century.

In addition, Abyssinian Development Corporation built over 1,000 units of affordable housing for low and moderate income families, and some were completely vacant buildings that the City was able to maintain, architectural jewels of the pre-war housing stock, and some were occupied by families that held on as the beachhead was becoming secure—and every one of those

buildings was preserved and maintained using CDBG funds. ADC pushed forward and began to reach out to more residents in need of supportive housing, educational opportunities, small business development, large commercial enterprises, job development, social services, homeownership opportunities and the building of community capacity through civic engagement.

We could not have created successful sustainable community development without addressing community decline and poverty through a holistic approach matching every aspect of societal ills with appropriate solutions, all of which need an inputting of resources. CDBG funding is integral in this process as it is flexible enough to allow local communities to decide what their needs are and how they should be met. The primary objective of the program was to establish a broad framework for urban revitalization efforts while providing maximum flexibility on a local level, essentially, the original framework for the successes we can account for today.

Since so much has been accomplished, why do we need the Community Development Block Grant and Community Services Block Grant Program today? Quite simply for the same reasons we needed the Community Development Block Grant in 1974. The broad objectives of the Community Development Block Grant Program – to establish and maintain viable urban communities with decent housing and a suitable living environment and economic opportunities for persons of low and moderate income – are still critical today.

Harlem is at a pivotal crossroads today. Much attention has been given to the incredible increase in housing production, housing prices and commercial developments. Rents increased by 46% from 1990 to 2000 (compared to 11% in New York City overall and 21% in Manhattan over the same period and property values have tripled in Harlem.) A common price for a brownstone is well over a million dollars, and commercial rents along 125th Street, the main commercial corridor, is approximately \$125 per square foot. In Harlem, the dismal homeownership rate is 9% as compared to NYC where about one in three households own their own home. The vacancy rate is 3%, and apartments with an asking rent of less than \$500 have a vacancy rate of just 1.5%. The median household income in Central Harlem is only \$19,920—approximately 52% of the citywide median income and only 42% of the median income of Manhattan, taking into account that there are households with incomes of less than \$15,000 computed in that average. The poverty rate is 36.4% and 24% of the population pays more than 50% of their incomes toward rent, putting shelter in competition with food and other necessities. The rate of unemployment in Central Harlem is extremely high at 12.4% while New York City's overall rate is 6.5%, and the Community Service Society study suggests that over 50% of African American males are not in the labor force. (The racial composition of Harlem is 81.3% African American.)

Why not just let the market work? It is the very nature of economic market forces to push out low and moderate income families unless systems are in place to prevent displacement. Harlem residents that persevered through the unbearable

conditions to fight for their children, their community and respectable living conditions will be pushed out just as the market bulldozed them in 1974 when the CDBG funds were first used to maintain and build that beachhead.

The market forces at work are encouraging landlords to deny residents decent places to live, hoping they will move so that when they do, property owners can “cash-in” by leasing at market or above market rate for units that were originally allocated for low and moderate income housing. Much of CDBG funding today is used for inspectors to make sure that buildings are operating at code and for litigators to hold landlords accountable.

An epic example of how property owners are being driven by market forces is demonstrated in The Ennis Francis Houses, a 231-unit complex that, due to extreme neglect by the landlord was in serious disrepair and needed both immediate and long-term work. Among the 250 housing code violations cited, investigated with CDBG funding, were lack of heating, leaking ceilings and dangerous peeling lead paint. The tenants association formed in August 2003 after a week without hot water and the collapse of an underground sewage pipe leaving a 20 foot by 8 foot festering pit of human waste in the community room. On November 1, 2004, ADC was assigned as the legal administrator for the Ennis Francis Houses and managed the building and ensured that basic services were restored. ADC was able to purchase the Ennis Francis Houses and now provides a full array of comprehensive programming for the tenants, who no

longer have to live in fear that their homes would be sold to the highest bidder. Ennis Francis Houses is one example of far too many landlords that are trying to “encourage” their low to moderate income residents to live elsewhere as affordable rental restrictions are expiring (including expiring Section 8 contracts, Low Income Housing Tax Credit restrictions and municipal restrictions on affordability). CDBG funds are as important as they were in 1974 in preserving and protecting communities

This deliberation is critically important. Thousands of individual lives will be impacted and this committee has the ability to alter the characteristics of entire communities across the country. CDBG funding will be integral in ensuring that the most vulnerable are not displaced, that those who remained in Harlem can continue to afford living here in decent and dignified living standards.

Thus, I implore you to think carefully and seriously about the impact of your decisions on not only the Harlem Community, but communities like Harlem across the country. The loss of CDBG funding will have detrimental affects on entire neighborhoods and will destabilize the progress that we have managed to achieve since 1974.

Thank you.....